

United States Government

Department of Energy

memorandum

DATE: September 27, 2006

REPLY TO

ATTN OF: Office of Nuclear Safety and Environmental Assistance (HS-22):Koss:6-7964

SUBJECT: Proposed Clean Air Act Rule Revising the New Source Review Program, for Review and Comment

TO:

Distribution

On September 14, 2006, the Environmental Protection Agency (EPA) proposed revisions to the Prevention of Significant Deterioration (PSD) New Source Review (NSR) Program in attainment areas, and the NSR Program in nonattainment areas (71 FR 54235; available at the Department of Energy (DOE) Environmental Policy and Guidance Web site at <http://www.eh.doe.gov/oepa/rules/71/71fr54235.pdf>); these revisions are applicable to existing sources undergoing a major modification. The proposed regulations were developed to address recommendations of the President's National Energy Policy Development Group on NSR interpretation and implementation.

NSR is a preconstruction permitting program under the Clean Air Act that ensures that compliance with the National Ambient Air Quality Standards (NAAQS), or progress in attaining the NAAQS, is not compromised when air pollution sources are modified or added in an area, and that ensures that state-of-the-art emission control technology is installed at new plants, or at existing plants that are undergoing a major modification. The proposed rule potentially applies to physical changes that are major modifications at DOE steam plants, as well as other Departmental air pollution sources that are major stationary sources subject to the NSR program because of possible major modifications. NSR issues have been important for two DOE steam plants because of modifications carried out on their boilers.

In the proposed rule EPA has requested comment on the following three areas:

- EPA has proposed to change how NSR applies when an owner or operator modifies one portion of a facility in such a way that production or throughput in other unchanged portions of the facility increases, thereby increasing the overall efficiency of the operation. EPA calls this type of modification "debottlenecking." EPA proposes that emissions from the unchanged portions of the facility be excluded from the NSR applicability test if those emissions have already been taken into account (*e.g.*, if the excluded portions are already covered by an air quality permit).
- EPA has proposed to clarify how NSR applies when multiple projects are implemented at a facility. EPA proposes that projects that are related should be treated as a single project for NSR purposes. EPA calls this

issue “aggregation.” Staff at a major DOE site has indicated that aggregation could be an important issue at the site because small projects were previously treated as separate entities, each with emissions too low to be subject to PSD requirements, whereas aggregation could entail having to obtain a PSD permit for related, small projects.

- EPA has proposed to simplify the calculation used to determine if NSR applies where emissions increases and decreases are added together. EPA calls this issue “project netting.” Previously, the netting calculation for a project resulted in a complex source-wide analysis of emissions increases and decreases over a five-year period. EPA is proposing to eliminate the need for a source-wide netting analysis if the net effect of the project itself does not result in a significant increase.

Please review this proposed rule and submit any comments you may have by October 30, 2006, to Ted Koss of my staff (<theodore.koss@eh.doe.gov>; 202-586-7964). In developing comments, please indicate the specific pages and section of the *Federal Register* notice to which each comment pertains. Questions concerning this rulemaking should be directed to Mr. Koss.

A handwritten signature in black ink that reads "Andy Lawrence". The signature is fluid and cursive, with the first name "Andy" and last name "Lawrence" clearly distinguishable.

Andrew C. Lawrence
Director
Office of Nuclear Safety
and Environment
Office of Health, Safety and Security

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"Proposed Clean Air Act Rule Revising the New Source Review Program, for Review and Comment," HS-20 memo dated 9/27/06.

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